

SENATE BILL REPORT

SB 6236

As of February 3, 2014

Title: An act relating to the total outstanding indebtedness of the higher education facilities authority.

Brief Description: Authorizing an increase in the total outstanding indebtedness of the higher education facilities authority.

Sponsors: Senators Kohl-Welles, Frockt and Chase; by request of Washington State Higher Education Facilities Authority.

Brief History:

Committee Activity: Ways & Means: 1/27/14.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Maria Hovde (786-7710)

Background: In 1983 the Legislature authorized the Washington Higher Education Facilities Authority (Authority) to issue tax-exempt bonds on behalf of private, nonprofit colleges and universities to build, improve, and equip higher education facilities in a manner that minimizes capital costs.

To be eligible, the institution of higher education must be an accredited private, nonprofit institution; have its main campus permanently situated in the state; and be open to residents of the state.

Eligible projects include dormitories, dining halls, student union buildings, administration buildings, academic buildings, libraries, classrooms, athletic facilities, health care facilities, parking facilities, etc.

The total allowable bonded indebtedness of the Authority may not exceed \$1 billion.

Summary of Bill: The total allowable bonded indebtedness of the Authority is increased from \$1 billion to \$1.5 billion.

Appropriation: None.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Debt issued by the Authority is not an obligation of the state, nor is it a pledge of the faith and credit of the state. It is estimated that the Authority will have utilized \$828 million of their total debt limit by the end of fiscal year 2014. The opportunity for the eligible institutions to obtain savings as a result of using these tax-exempt bonds results in those savings being passed on to students in the form of lower tuition and other financial assistance. Since 1983 the Authority has issued \$1.8 billion in debt and \$1 billion of that debt has been paid back and there have been no instances of default.

Persons Testifying: PRO: Senator Kohl-Welles, prime sponsor; Paul Edwards, WA Higher Education Facilities Authority.